

GAO

United States General Accounting Office

Testimony

Before the Special Oversight Panel on Department of Energy Reorganization, Armed Services Committee, House of Representatives

For Release on Delivery
Expected at 4:00 p.m.
Tuesday, February 26, 2002

DEPARTMENT OF ENERGY

NNSA Restructuring and Progress in Implementing Title 32

Statement of (Ms.) Gary L. Jones, Director
Natural Resources and Environment



Report Documentation Page		
Report Date 26FEB2002	Report Type N/A	Dates Covered (from... to) -
Title and Subtitle DEPARTMENT OF ENERGY NNSA: Restructuring and Progress in Implementing Title 32	Contract Number	
	Grant Number	
	Program Element Number	
Author(s)	Project Number	
	Task Number	
	Work Unit Number	
Performing Organization Name(s) and Address(es) General Accounting Office, PO Box 37050, Washington, DC 20013	Performing Organization Report Number GAO-02-451t	
Sponsoring/Monitoring Agency Name(s) and Address(es)	Sponsor/Monitor's Acronym(s)	
	Sponsor/Monitor's Report Number(s)	
Distribution/Availability Statement Approved for public release, distribution unlimited		
Supplementary Notes		
<p>Abstract</p> <p>The National Nuclear Security Administration (NNSA) is a semiautonomous agency within the Department of Energy (DOE) with responsibility for the nation's nuclear weapons, nonproliferation, and naval reactors programs. NNSA was created to correct long-standing and widely recognized management and security problems at DOE. Although NNSA has made progress genuine change has been difficult to achieve. Although NNSA announced a new headquarters organization in May 2001, it did not meet the Administrator's promise of implementing a new structure for the entire organization by October 2001. Further, NNSA lost momentum over the summer in its effort to implement the comprehensive planning, programming, and budgeting process envisioned. Although it has established a conceptual planning, programming, and budgeting process, NNSA still must implement its new process during the fiscal year 2004 budget cycle. NNSA has used only 19 of the 300 excepted service positions authorized by Title 32 of the National Defense Authorization Act for Fiscal Year 2000. NNSA expects to report to Congress on its plans for using its excepted service authority next month. However, NNSA does not have a long-term strategic approach to ensure a well-managed, properly sized and skilled workforce over the long run.</p>		
Subject Terms		
Report Classification unclassified	Classification of this page unclassified	

Classification of Abstract unclassified	Limitation of Abstract SAR
Number of Pages 15	

Mr. Chairman and Members of the Special Panel:

We are pleased to be here today to provide our views on the progress the National Nuclear Security Administration (NNSA) has made in implementing Title 32 of the National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65). As the Panel is well aware, Title 32 established NNSA as a semiautonomous agency within the Department of Energy (DOE) with responsibility for the nation's nuclear weapons, nonproliferation, and naval reactors programs. NNSA was created to correct long-standing and widely recognized management and security problems at DOE.

At the Panel's request, for over a year, we have monitored NNSA's progress in implementing key components of Title 32. As you will recall, when we testified before the Panel in April 2001,¹ we reported that NNSA was making progress in implementing changes to its organization; improving its planning, programming, and budgeting functions; and using its new personnel authority. At that time, we noted that it might be several months before we saw tangible evidence of these changes and that it might be several years before these changes were fully implemented and could be definitively assessed.

More recently, in December 2001 we reported to the Panel again on NNSA's progress in implementing Title 32.² Overall, we found that while NNSA had made additional progress on some fronts, on other important fronts genuine change had been more difficult to achieve.

- While NNSA announced a new headquarters organization in May 2001, it did not meet the Administrator's promise of implementing a new structure for the entire organization by October 2001. Struggles within NNSA over long-standing issues such as the roles and responsibilities of headquarters and field staff delayed the announcement of a new organization which was expected February 25, 2002. Moreover, what NNSA announced represents only a framework for its eventual reorganization. Currently, no plan with milestones for accomplishing

¹U.S. General Accounting Office, *Department of Energy: Views on the Progress of the National Nuclear Security Administration in Implementing Title 32*, GAO-01-602T (Washington, D.C.: April 2001).

²U.S. General Accounting Office, *NNSA Management: Progress in the Implementation of Title 32*, GAO-02-93R (Washington, D.C.: December 2001).

the myriad of details needed to implement NNSA's new organization exists. While we are hopeful that resolution of long-standing organizational issues may now be within NNSA's grasp, without the discipline of an implementation plan, reaching NNSA's goals is likely to be a long and arduous process that could take several years. Moreover, unless the new organization's chains of command are enforced and federal and contractor staff are truly held accountable, this reorganization could be simply another in a long line of missed opportunities.

- NNSA lost some momentum over the summer in its effort to implement the comprehensive planning, programming, and budgeting process envisioned by the Administrator. Although it has now established a conceptual planning, programming, and budgeting process, NNSA still has an enormous amount of work to do as it tries to implement its new process during the fiscal year 2004 budget cycle. Furthermore, it is too soon to tell whether the proposed process, when fully implemented, will effectively address widely recognized problems in NNSA's existing planning, programming, and budgeting practices and will establish an effective evaluation phase.
- While it has developed an overall excepted service personnel policy, NNSA has used only 19 of the 300 excepted service positions authorized by Title 32. NNSA expects to report to the Congress on its plans for using its excepted service authority next month. However, NNSA does not yet have a long-term strategic approach to ensure a well-managed, properly sized and skilled workforce over the long run. Such a plan is vital to effective implementation of NNSA's new organization.

We recognize that NNSA's implementation of Title 32 is an evolving process. However, we believe the best time to address long-standing problems is when the new organization and systems are first being laid out and the momentum for change is at its highest. NNSA needs to move forward aggressively so that this opportunity does not slip away and old ways reemerge and harden. For NNSA to be ultimately successful in correcting the long-standing management problems it inherited from DOE, we believe it will need to jumpstart its efforts to implement its proposed reorganization; regain momentum for implementing its revised planning, programming, and budgeting process; and ensure a well-managed workforce. After a brief overview of the factors that led to the creation of NNSA, we will discuss each major management area in more detail,

including the underlying problems to be addressed, the status of NNSA's progress, and the challenges that still lie ahead.

Background

Since its creation in 1977, DOE has been responsible for developing, producing, and maintaining nuclear weapons; preventing the proliferation of weapons of mass destruction; and designing, building, and maintaining naval nuclear propulsion systems. However, DOE historically has been plagued by organizational and managerial problems that have resulted in significant cost overruns and schedule delays on major projects, such as the National Ignition Facility. There have also been a number of security concerns at DOE facilities. In response to these problems, the Congress, in Title 32 of the National Defense Authorization Act for Fiscal Year 2000, created a new semiautonomous agency within DOE—the National Nuclear Security Administration. Reflecting initial concerns about how DOE was planning to implement Title 32, the Congress amended Title 32 in the National Defense Authorization Act for Fiscal Year 2001 (P.L. 106-398) to require, among other things, additional information on NNSA's organization, planning, programming, and budgeting be supplied to the Congress.

As of October 2000, NNSA's basic organizational structure consisted of three program offices—Defense Programs, Defense Nuclear Nonproliferation, and Naval Reactors; three operations offices—Albuquerque, Nevada, and Oakland—that oversaw the operations of area offices located at NNSA's eight field sites and numerous area offices. All but two of the area offices reported to an operations office. The other two area offices—Oak Ridge Y-12 and Savannah River Tritium Operations—reported directly to NNSA headquarters. In May 2001, NNSA restructured its headquarters operations and created two support offices—the Office of Management and Administration and the Office of Facilities and Infrastructure. However, the field structure remained the same.

NNSA Has Taken Steps Toward Resolving Important Organizational Issues, but Areas of Concern Remain

The Congress established NNSA, in part, to correct the confused lines of authority and responsibility within DOE's nuclear weapons complex that had contributed to a wide variety of problems—such as cost overruns and schedule slippage on large projects, like the National Ignition Facility—as well as security lapses. Past advisory groups, internal DOE studies, and GAO have reported over the years on DOE's dysfunctional organizational structure. In particular, in December 2000, we reported on our comprehensive study of the management of the Office of Defense Programs, which constitutes over 70 percent of NNSA.³ We found that the Office of Defense Programs suffered from organizational problems, such as a lack of clear roles and responsibilities, at three levels: within its headquarters organization, between headquarters and the field, and between contractor-operated sites and their federal overseers. This situation made it difficult for the program to be managed as an integrated whole and for managers to make sound decisions.

While it did not specify exactly how NNSA was to be organized, Title 32 did establish certain NNSA positions, such as a general counsel, and gave the Administrator the flexibility to determine the best organizational structure for the new agency. Title 32 also laid out chains of command in both DOE and NNSA intended to insulate NNSA from DOE decision-making, except at the level of the NNSA Administrator. In our April 2001 testimony, we reported that some progress had been made in establishing a better-organized NNSA. We noted that the practice of “dual-hatting” had been virtually eliminated, enabling NNSA to manage its programs more independently.⁴ In addition, we noted that NNSA had established a new support structure in its headquarters office that had as its goals establishing clear and direct lines of communication, clarifying the roles and responsibilities of NNSA’s headquarters and field offices, and integrating and balancing priorities across NNSA’s missions and infrastructure. Specifically, NNSA established two headquarters support offices: one headed by an associate administrator for management and administration, who is responsible for the planning, programming, and

³U.S. General Accounting Office, *Nuclear Weapons: Improved Management Needed to Implement Stockpile Stewardship Program Effectively*, GAO-01-48 (Washington, D.C.: Dec. 14, 2000).

⁴Initially, the then-Secretary of Energy chose to fill numerous key NNSA positions with DOE officials — thus, these officials had both DOE and NNSA responsibilities and were dubbed “dual-hatted.” This practice caused considerable concern on this Panel and with others, including GAO, that NNSA might not be able to function with the independence envisioned when NNSA was created.

budgeting; personnel; and procurement areas, and the other headed by an associate administrator for facilities and operations, who is responsible for managing NNSA's infrastructure revitalization initiative and security functions.

As we noted in our December 2001 report to the Panel, despite these initiatives, fundamental organizational issues remained. Specifically, the details on how the new NNSA headquarters support offices would work with the established headquarters program offices—the Office of Defense Programs and the Office of Defense Nuclear Nonproliferation—were unclear.⁵ Many of the field managers we spoke with while developing our 2001 report were concerned that reporting relationships could become more complex and confused rather than less because these various headquarters offices could have different expectations. For example, depending on how responsibility was divided, it was possible for field offices to receive direction from multiple headquarters offices on such areas as infrastructure and major construction projects. More importantly, long-standing, fundamental issues regarding confused lines of authority within NNSA's headquarters organization, between headquarters and the field, and between contractor-operated sites and their federal overseers that directly affect how NNSA's contractors are managed remained unresolved. Direction and guidance to the NNSA contractors was still being provided from multiple sources: NNSA local area office managers, DOE and NNSA operations office managers, and NNSA headquarters managers. As we have found in the past, when its contractors receive multiple and sometimes conflicting guidance, NNSA's ability to hold them accountable for performance is undermined. As it attempted to address these organizational issues, we urged NNSA to employ the organizational principles cited in our April 2001 testimony before this Panel: focusing a small headquarters staff on strategic management, policy, and relationships with other federal agencies; moving program management officials as close to the action as possible; establishing clear lines of authority between NNSA and its contractors; and holding federal and contractor employees accountable for meeting mission goals.

While the Administrator promised a solution to these problems by October 2001, NNSA's report to the Congress on the organization and operations of the NNSA was not expected until February 25, 2002. Our preliminary analysis of NNSA's proposal leads us to conclude that it contains some

⁵The Office of Naval Reactors continues to be managed as a separate entity within NNSA.

positive features as well as some important weaknesses. Most fundamentally, NNSA's proposal represents only an overall plan of action, and ironing out the details and implementing the proposed new structure is likely to be a long and arduous process.

On the positive side, NNSA's proposal has outlined some potentially significant steps toward solving important long-standing organizational issues by employing some of the principles cited above. Specifically, NNSA's proposal:

- Clarifies the relationship between the headquarters program offices and the headquarters support offices by establishing that program direction will come exclusively from the program offices—the Office of Defense Programs and the Office of Defense Nuclear Nonproliferation—and by reducing the role of the Office of Facilities and Operations to focus on the infrastructure revitalization initiative and support functions such as security.
- Establishes a framework for resolving the so-called “two headquarters” problem of duplicative roles between the Office of Defense Programs and the Albuquerque Operations Office by placing program direction for weapons production—a traditional function of the Albuquerque Operations Office—under the Office of Defense Programs.
- Establishes clear lines of authority between NNSA and its contractors by making the manager of each site office (formerly called an area office) the contracting officer for that site and by providing that direction to the contractor can only come from the contracting officer or a formally appointed representative. In addition, all of the site office managers will report to the Administrator through the Principal Deputy rather than the current practice of some reporting through operations offices and others reporting directly to headquarters.
- Removes a management layer by making existing operations offices into so-called “Centers of Excellence” that will provide support functions such as financial management and security clearance processing for all of NNSA.
- Promises to streamline federal staff and to hold federal staff and contractors more accountable for performing NNSA's mission.

Despite these potential improvements, important areas of concern remain.

- NNSA's proposal does not address the fact that the weapons science function and the weapons production function within the Office of Defense Programs are managed separately, although their work must be coordinated to achieve mission goals. As we noted in our December 2000 report, officials in DOE's headquarters, field offices, labs, and production plants repeatedly told us of numerous ways that the split between the weapons science and weapons production portions of the Stockpile Stewardship Program at the headquarters level negatively affects coordination within the nuclear weapons complex.
- NNSA's proposal does not consistently apply the principles of streamlining headquarters staff and moving federal program management officials as close to the action as possible. While NNSA expects the weapons production work to be managed by experts in the field, NNSA continues the pattern of having the weapons science work managed out of headquarters. This is problematic because, as we noted in our report on the National Ignition Facility, inadequate oversight by headquarters managers contributed to the cost and schedule problems experienced at this facility.⁶
- Finally, many important documents will need to be created and refined before the changes proposed in NNSA's report can become truly operational. This is no small task. For example, the report notes that one document that will need revision is a May 1968 memorandum that defines the roles and responsibilities of the Office of Defense Programs and the Albuquerque Operations Office. As we noted in our December 2000 report on the management of the Office of Defense Programs, there have been several attempts to revise this relationship over the years, none of them successful. Moreover, some of the proposals, such as the Centers of Excellence, are merely concepts that need to be further defined. In addition, streamlining the federal workforce is a difficult undertaking that will take a significant amount of time to fully implement. Currently, no plan with milestones exists for refining these concepts and accomplishing the myriad of details needed to implement them.

⁶U.S. General Accounting Office, *National Ignition Facility: Management and Oversight Failures Caused Major Cost Overruns and Schedule Delays*, GAO/RCED-00-141 (Washington, D.C.: Aug. 8, 2000).

While we are hopeful that resolution of such long-standing issues may now be within NNSA's grasp, without the discipline of an implementation plan, reaching NNSA's organizational goals is likely to be a long and arduous process that could take several years. Moreover, unless the new chains of command are enforced and federal and contractor staff are truly held accountable, this reorganization could be simply another in a long line of missed opportunities.

Significant Effort Still Required to Develop an Effective Planning, Programming, and Budgeting Process

Numerous studies have identified problems in DOE's planning, programming, and budgeting, including the lack of a unified planning and programming process, the absence of integrated long-range program plans, and the failure to fully link existing plans to budgets and management controls. Without sound, integrated planning, programming, and budgeting, it has been difficult for officials to ensure that decisions with resource implications are weighed against one another in a complete and consistent fashion and that mission outcomes are linked to management controls. In our December 2000 report, we recommended that NNSA take action to improve and integrate its planning processes and to improve its budgetary data to provide needed management information.

Title 32 mandates the use of sound planning, programming, budgeting, and financial activities. It also requires that NNSA submit to the Congress each year a Future Years Nuclear Security Program plan that details NNSA's planned expenditures for the next 5 years. Very early in his tenure, the current NNSA Administrator indicated that he intended to comply with Title 32 by instituting a planning, programming, and budgeting process similar to that in use at the Department of Defense (DOD). While DOD's approach has not been without problems over the past 40 years, it is generally recognized as a system that, when properly led and staffed, is capable of making cost-effectiveness comparisons and of developing the detailed program and budget plans called for in Title 32. The Administrator originally set a goal of having fully established NNSA's version of DOD's planning, programming, and budgeting process—now referred to as the planning, programming, budgeting, and evaluation (PPBE) process—by the fiscal year 2003 budget cycle. Subsequently, this date was pushed back to the fiscal year 2004 budget cycle because development was taking longer than expected.

In our April 2001 testimony before the Panel, we reported that despite the delays NNSA was encountering, its initial attempts to develop its own PPBE process offered the potential to help bring NNSA into compliance with Title 32. It appeared that both NNSA headquarters and field units

appreciated the discipline that such a process could offer. We noted, however, that an enormous amount of work would have to be completed before NNSA had even a minimally functional PPBE process.

As we reported to the Panel in December 2001, beginning in the summer of 2001, the acting associate administrator of the Office of Management and Administration and the acting director of the Office of Planning, Programming, Budgeting, and Evaluation, began reevaluating NNSA's initial efforts. This shift in direction temporarily slowed NNSA's momentum in establishing a PPBE process and caused some confusion in NNSA field offices. These officials began the reevaluation because they believed that the initial approach was oriented too much toward DOD's program structure and that this approach failed to take into account the uniqueness of NNSA's programs and the type of contracting approaches NNSA uses to do its work. As a result, NNSA proposed a PPBE process that would use existing NNSA plans, practices, and processes as much as possible.

Nevertheless, NNSA continued to refine its PPBE process and communicated it to all NNSA program, support, and field offices on September 12, 2001. Later, NNSA began to implement some of the planning elements of the process for the fiscal year 2004 budget cycle. Examples of some of these activities follow:

- NNSA released draft strategic guidance developed by its Office of Policy Planning on September 27, 2001. This long-range guidance focuses on the key issues NNSA faces, such as the projected security environment and size of the stockpile, and is intended to guide the planning process. According to NNSA, the first step in its revised PPBE process, the draft strategic guidance, will establish a basis for the development of 5-year program plans for the individual programs within NNSA.
- NNSA's major programs—Defense Programs, Defense Nuclear Nonproliferation, and Naval Reactors—and each of NNSA's headquarters support offices have drafted program integrated plans. These plans are annual documents that delineate the responsibilities, priorities, and performance commitments for an entire program.

Despite this progress, NNSA did not complete all the goals it set for its PPBE planning phase for the fiscal year 2004 cycle. For example, NNSA did not issue draft 5-year program and fiscal guidance or its strategic plan

in September 2001 as it had originally envisioned. These documents will probably be issued in late February 2002. NNSA officials cited the far-reaching impact of the September 11, 2001, terrorist attacks; delays in the fiscal year 2002 appropriations process; and the then-ongoing national security program review as reasons for the delay in issuing both documents. Nevertheless, both the draft program and fiscal guidance and the strategic plan are important early components of the “cascade” of NNSA planning documents that were to be used to shape the program integrated plans mentioned earlier.

While NNSA did make some progress in implementing elements of its fiscal year 2004 planning phase, NNSA still has an enormous amount of work to do for the programming, budgeting, and evaluation phases of the fiscal year 2004 budget cycle. Examples of the implementation activities remaining follow:

- NNSA has not finalized significant portions of the PPBE process, such as the programming and evaluation phases. NNSA established implementation teams to help create workable processes for those two phases of its PPBE process. One of the teams has focused on the programming phase, in which competing priorities and mission needs will be evaluated, alternatives and trade-offs will be analyzed, and resources will be allocated to meet the highest priorities. The other team is working on an enhanced evaluation phase, which will establish performance measures, indicators, and metrics to evaluate progress in meeting programmatic goals. Both teams were scheduled to develop recommendations and report to the NNSA senior leadership in December 2001; however, these reports now have been delayed until late February 2002. The initiation of the programming phase has slipped from February to March 2002.
- NNSA has begun to work on an automated system for the budget execution phase of the PPBE process, but other decision and information systems will still need to be revised to handle the new process. In addition, NNSA’s systems will have to interface with both DOE’s existing planning, financial, and budgeting systems and DOE’s planned changes to these systems. NNSA and DOE officials report that they are cooperating on these issues. However, NNSA officials report that coordinating with the DOE Chief Financial Officer is causing some delays in implementing NNSA’s PPBE process.

-
- Except for budgeting, NNSA does not appear to have many personnel on hand with the skills to conduct the analytical functions typically associated with multiple phases of a PPBE process. These skills, which were the trademark of DOD's system when it was implemented 40 years ago, are especially important in the upcoming programming phase where program alternatives and trade-offs are considered and cost-effectiveness comparisons are made. NNSA officials report that such factors as their recent hiring freeze have prevented them from recruiting these kinds of analysts.
 - It is unclear if NNSA will submit a comprehensive Future Years Nuclear Security Program plan to the Congress as required by Title 32. Although NNSA previously had developed such plans, NNSA failed to submit these plans to the Congress in 2000 and 2001. NNSA did include a table containing the 5 years of budget data required for a Future Years Nuclear Security Program plan in its fiscal year 2003 budget request, and some NNSA officials have told us that a broad plan has been prepared and may be released by the end of February 2002. All the plans to date have been developed without the benefit of a functional PPBE.

In summary, NNSA has experienced difficulty in fully implementing all the activities it had envisioned for the planning phase of its PPBE process. The need to implement the new programming phase, establish a more highly automated budget execution phase, and upgrade evaluation activities suggest that NNSA probably will face additional hurdles as it implements its PPBE process for the fiscal year 2004 budget cycle. Rather than the fully implemented system for the fiscal year 2004 cycle envisioned by the Administrator, it is probably better to think of NNSA's PPBE as a prototype that will have to be more extensively refined and developed in future years. Furthermore, it is too soon to tell whether the proposed process, when fully implemented, will effectively address widely recognized problems in NNSA's existing planning, programming, and budgeting practices and will establish an effective evaluation process.

NNSA Has Made Limited Progress in Implementing Its Excepted Service Authority

Retaining and recruiting the highly skilled scientific and technical personnel needed to make our government run efficiently and effectively challenges virtually every federal department and agency. NNSA, in particular NNSA's Office of Defense Programs, has had difficulty meeting this challenge. According to NNSA officials, specific obstacles to recruiting and retaining staff include the downsizing and resulting program instability of the past decade, the high cost of living near some NNSA field sites or their remote locations, a shortage of people trained in the relevant scientific and engineering disciplines, relatively low federal salaries compared with those offered by private high-technology companies, and the lengthy process required to hire people into the federal workforce. Moreover, we and others have concluded that the lack of technically competent personnel has contributed to weak contract management and to poorly managed projects that are often late or over budget.

In response to this situation, in Title 32 the Congress provided NNSA the authority to create up to 300 excepted service positions specifically for scientific, engineering, and technical staff. For excepted service positions, each agency—in this case NNSA—develops, within basic requirements prescribed by law or regulation, its own hiring system. NNSA's system establishes the evaluation criteria NNSA will use in filling the excepted service positions. Specifically, NNSA may now hire staff through a noncompetitive selection process and has greater flexibility in setting salaries.

NNSA managers and human resource officials with whom we spoke had mixed reactions to the excepted service authority granted by Title 32. In general, NNSA officials were optimistic that the excepted service authority would help make the agency more attractive to prospective employees. NNSA currently employs about 2,500 people, including more than 800 in scientific, engineering, and technical job series. Several managers told us that additional pay flexibility would allow them to be competitive in their efforts to hire new employees and to retain current employees. However, managers also cautioned that the limited authority might create morale problems for those NNSA employees not included in the excepted service.

In light of these concerns, NNSA managers told us that they would prefer to have the entire agency in the excepted service, or at least enough positions for all of the organization's scientific, engineering, and technical employees. Accordingly, NNSA pursued congressional authorization to expand the excepted service authority granted in Title 32; however, the Congress has not granted this authorization. At the same time, NNSA made

an initial allocation of about one-third of the 300 excepted service positions provided by Title 32 to the field and headquarters units in October 2001. At that time, NNSA had plans to use 68 positions to convert employees in DOE's excepted service and NNSA civil service to NNSA's excepted service and to use the other 29 positions to hire new staff. In the interim, NNSA's human resource officials had been reluctant to use the limited authority and decided to use it only to hire critical new staff. Subsequently, NNSA imposed a hiring freeze starting in October 2001 that will remain in effect for the foreseeable future.

As we noted in our December 2001 report to the Panel, NNSA has made limited progress toward using its new authority. The Administrator has developed an interim excepted service policy that covers new staff and NNSA employees originally hired into DOE's excepted service systems who will be converted to NNSA's system. The Administrator has also delegated the authority to implement the policy to headquarters and field organizations. In addition, the Administrator created an NNSA Executive Resources Board and appointed its members. The Board is responsible for making hiring and promotion decisions affecting NNSA employees assigned to the two highest levels of the excepted service, as well as to the Senior Executive Service, Scientific and Professional, and Senior Level pay systems.

According to NNSA's deputy for workforce planning and management, NNSA has also prepared the policies needed to cover civil service employees who might consider making the conversion to excepted service. Those policies are awaiting final approval from the Administrator and DOE. In addition, in response to congressional direction, NNSA is preparing a plan for using the remainder of the 300 authorized excepted service positions. Because of the hiring freeze, the excepted service positions will be used primarily to offer existing eligible employees the opportunity to convert to the excepted service. Thus, NNSA expects that most of the 300 positions will be filled within 90 days of the Administrator's final approval of the policies and plan by converting existing employees.

A more fundamental obstacle to full use of the excepted service authority is that NNSA does not have a long-term strategic approach to ensure a well-managed workforce. We have reported in the past that agencies need to create a coherent agencywide human capital strategy—that is, a

framework of human capital policies, programs, and practices specifically designed to steer the agency toward achieving its vision.⁷ Such a workforce planning strategy needs to be linked to the agency's strategic and program planning efforts and should identify the agency's current and future human capital needs, including the size of the workforce; its deployment across the organization; and the knowledge, skills, and abilities needed for the agency to pursue its vision.

According to the deputy for workforce planning and management, NNSA plans to develop a comprehensive workforce strategy, the timing of which depends on the implementation of NNSA's reorganization and streamlining plans. NNSA's recent decisions concerning organizational structure, lines of authority, and roles and responsibilities will affect the agency's human resource needs by determining what skills are needed, how many employees are necessary, and where they should be located in the newly restructured headquarters and field offices. These decisions are key to developing a comprehensive strategy that steers NNSA toward achieving its vision, is linked to strategic program planning efforts, and identifies the agency's current and future personnel needs.

Mr. Chairman, this concludes my testimony. I would be happy to respond to any questions you or Members of the Special Panel may have.

GAO Contact and Staff Acknowledgements

For further information on this testimony, please call Ms. Gary L. Jones at (202)512-3841. James Noel, Jonathan Gill, Ross Campbell, Andrea Riba, and Delores Parrett also made key contributions to this testimony.

⁷U.S. General Accounting Office, *Human Capital: A Self-Assessment Checklist for Agency Leaders*, GAO/OCG-00-14G (Washington, D.C.: Sept. 2000).